



BAY STATE CONSULTANTS

August 26, 2004

Ms. Mary Cottrell, Secretary
Dept. Telecommunications and Energy
One South Station
Boston MA

Re: DTE 04-65

Dear Secretary Cottrell,

We are pleased to inform the department that the City of Cambridge has made some additional progress in its negotiations with Cambridge Electric Company, and as result of this progress we are in a position to narrow the issues in dispute to a purchase price dispute only.

In our Petition for Dispute Resolution, which was filed on June 16, 2004, we raised three issues that were in dispute, at the paragraphs numbered 24, 25 and 26 of the Petition. We are now prepared to delete paragraphs 25 and 26 from the Petition. The only issue remaining in dispute is the purchase price issue raised in paragraph 24.

We are also prepared to make the corresponding deletions from our June 16, 2004 petition relating to the Request for Relief. For ease of reference we have attached to this electronic filing, a redline of the June 16 Petition that deletes the paragraphs related to the two issues that have now been resolved by negotiation, and also deletes the corresponding Request for Relief paragraphs related to those two removed issues.

Furthermore, the City and the Company have agreed to execute the Purchase and Sale Agreement, with the agreement to disagree about the purchase price methodology, spelled out in that Purchase and Sale Agreement. That Purchase and Sale Agreement calls for a January 1, 2005 closing date. It is our hope that the department will be able to resolve this purchase price dispute prior to December 24, 2004 so that the final purchase price can then be calculated in time for January 1, 2005 closing date.

The purchase price disagreement between the parties has two components:

1) The City believes that streetlight equipment (predominantly underground conduit and conductor and foundations and dedicated poles servicing streetlights on dedicated streetlight poles) installed in the 1940's should have a negative book value. The Company disagrees.

2) The City further believes that this negative book value should be allocated to City and MDC lights as opposed to private lights. The Company disagrees

We have shared this letter with the Company prior to submitting it. It is my understanding that the Company does not plan to file a response to this letter.

We would like to request a procedural conference be convened as quickly as possible to discuss the procedure and the schedule for resolving this one remaining purchase price dispute.

Sincerely,

John Shortsleeve
Attorney for the City

CC Jeff Stevens, NSTAR